



Department of Justice

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**JUSTICE DEPARTMENT PRESERVES COMPETITION IN COMMERCIAL DISPATCH
SERVICES MARKET BY FILING ANTITRUST SUIT AND SETTLEMENT**

WASHINGTON, D.C -- The Department of Justice's Antitrust Division has moved in court to block Nextel Communications Inc.'s acquisition of Motorola's specialized mobile radio service, a dispatch service used by cab and delivery companies, and require the two companies to relinquish control of certain radio channels they own or manage. The Department said the acquisition would have eliminated competition in 15 major metropolitan cities and caused higher prices and poorer services for consumers.

At the same time, the Department allowed the proposed alliance to proceed with its plans to introduce a new digital wireless telephone technology intended to compete with cellular telephone providers.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "This action is the best of all worlds for the consumer. It clears the way for Nextel to offer wireless telephone service with a new digital technology in competition with established cellular companies. At the same

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time, it ensures that businesses and individuals that need dispatch services will not be at the mercy of a single service provider."

The proposal would have reduced competition in Atlanta, Boston, Chicago, Dallas, Houston, Denver, Detroit, Los Angeles, San Francisco, Miami, New York, Philadelphia, Seattle, Washington, D.C., and Orlando, Florida, the Department said.

The two companies are each other's chief competitor in the provision of the specialized mobile radio service or SMR service, a type of radio service used by contractors, service companies, delivery services and other businesses that need to communicate with fleets of vehicles either on a one-to-one or one-to-many basis.

The Department's complaint, filed in U.S. District Court in Washington, alleges that Nextel is the dominant provider of SMR service in many major markets, and Motorola is the second largest competitor. At the same time, a proposed consent decree was filed, that if approved by the court, would settle the suit.

Bingaman said, "Nextel's acquisition would eliminate its principal competitor in 15 major metropolitan cities. Unless it is blocked, consumers in those cities will face higher prices, poorer quality and decreased amounts of service."

The proposed consent decree will eliminate the anticompetitive effects of the transaction by requiring Nextel and Motorola to relinquish control of certain SMR channels they

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own or manage.

Nextel's acquisition of Motorola's SMR business is part of its plan to deploy new digital technology developed by Motorola to create a wireless telephone service that competes with cellular telephone service. This aspect of the transaction will not be affected by the proposed decree and could enhance competition by creating a third mobile telephone service competitor, so long as the competition in the provision of dispatch services is preserved, the Department said.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement, and any person may comment on the proposed decree by submitting their comments to the Department. After a 60-day comment period, the United States will address any public comments and determine whether it should seek entry of the decree by the court. The decree will expire 10 years after entry.

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